

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02 1 1 0-3 1 1 3

(6 1 7) 95 1 1 400

TELECOPIERS:

(6 1 7) 95 1 - 1354

(6 1 7) 95 1 - 0586

December 22, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02 110

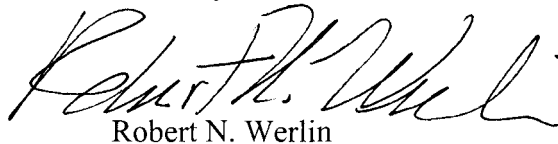
Re: D.T.E. 03-117, Boston Edison Company – 2003 Reconciliation Filing

Dear Secretary Cottrell:

Enclosed for tiling in the above-referenced matter is the response to the Information Request set forth on the accompanying list. The errata response was necessary because of an error in the wording of the explanation in paragraph 7(d) of Information Response DTE- 1- 1.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

Information Request DTE-1-1 [**Errata**]

Information Request DTE-1-1 [Errata]

Please provide each step the Company performed in its revenue neutral rate redesign. Provide all supporting workpapers and calculations.

Response

The Company performed the following steps in developing its proposed rates:

1. Determined the Pre-RAD revenues by applying 2002 billing quantities to base rates in effect just prior to March 1998 and reflecting August 1997 fuel charge and conservation charge levels consistent with the Company's restructuring order. The development of these revenues is set forth in Exhibit BEC-HCL-3 and is summarized on page 1 of Exhibit BEC-HCL-2.
2. Adjusted the revenues in Step 1 by the inflation adjustment as set forth on page 1 of Exhibit BEC-HCL-2.
3. Multiplied the revenue from Step 2 by 85 percent to reflect the 15 percent rate reduction.
4. Determined the total average rate per kilowatt-hour from the total revenue developed in Step 3.
5. Determined the total average distribution rate using 2002 billing quantities and distribution rates in effect March 1, 1998. See page 4 of Exhibit BEC-HCL-2.
6. Determined the proposed transition charge level by subtracting from the total average rate in Step 4, (a) the total average distribution charge from Step 5, (b) the average transmission charge, (c) the average transition adjustment charge, (d) the pension adjustment factor, (e) the default service adjustment, (f) the mandated charges for standard offer, energy efficiency and renewables. The resultant transition charge is set forth on page 1 of Exhibit BEC-HCL-2.
7. Designed individual rate schedules as follows: (a) set customer charge 85 percent of the inflation adjusted Pre-RAD customer charge, (b) set the standard offer, energy efficiency, renewable, default service adjustment, pension adjustment, transition rate adjustment, and transition charges at their uniform per kilowatt-hour levels, (c) assigned the transmission charge by applying the percentage change in the proposed average transmission rate

from the average Pre-RAD transmission rate to the individual rate schedule Pre-RAD transmission charge, (d) calculated the residual distribution charge per kilowatt-hour by subtracting the charges in items (b) and (c) from 85 percent of the inflation adjusted Pre-RAD total rate per kilowatt-hour.

8. For rates with demand charges and/or time-of-use energy charges, determined rates using the same procedure as set forth in Step 7 but limited to using and allocating transmission and transition charges between energy and demand components so as not to result in negative residual distribution charges.
9. In some cases where the level of mandated per kilowatt-hour charges would result in a negative residual distribution charge, the demand charges were discounted by greater than 15 percent in order to achieve the 15 percent reduction for the total rate.

This process results in rates for each rate class that reflect the 15 percent overall reduction and that reflect the 15 percent reduction for each rate component to the extent possible.